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DEPARTMENT OF STATE A/CDC/MR

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TO : S/P - Mr. Thurston

FROM : Mr. Halle

SUBJECT: United States Objectives and Courses of Action with Respect to Latin America.

February 24, 1953

In your comment of February 20 on the attached draft paper on Latin American policy, you mention "its inherent restrictive limitations." I am particularly impressed by those limitations, which exclude any searching analysis or any except a superficial understanding of what we are dealing with in Latin America.

Tom Mann, in the attached summary of his views concerning the principal problem in our relations with Latin America (under date of February 21), refers to the growing demand among the Latin American peoples for improved standards of living, and finds the solution in the provision of dollars by means of trade, United States investment, and Government assistance in the form of grants and loans. The fact that impresses me is that a population has to establish some kind of a workable balance with the resources available to it in the territory that it occupies. If a people earns its own living, that balance determines its standard of living. I am not sure that we have ever looked squarely at the question of what standards of living the resources available to the several Latin American peoples might be expected to support. A square look at this matter, I think, might bring out what I conceive to be a basic poverty over a large part of the area. There are certainly a great number of things that the Latin Americans might do to make better use of such resources as they have and, consequently, to make those resources support a higher standard of living--and I am all for our helping them to do this, by Technical Assistance and other means, where we can. The key question for long-range United States policy, however, seems to me to be that of whether we encourage the Latin Americans to develop for themselves a standard of living that they cannot support with their own resources and, consequently, make them depend in perpetuity on outside assistance. This would mean, in practical terms, that they became pauperized countries, wards of the United States, their economies supplemented by us as we supplement the economy of Puerto Rico today.

It seems to me that if we could dig below the surface and get at some of the underlying problems, such as that mentioned immediately above, we could then begin to construct a foundation on which to develop a

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develop a realistic and coherent Latin American policy. The specific questions--such as whether to finance this highway or that--could then be answered in terms of a general policy, rather than as assertions as to what we should do in something that passes for a policy paper.

With respect to paragraph 1b under "Objectives" on page 1, I note that Mr. Ferguson in his comment has considerably improved the language. It seems to me, however, that our prime basic objective should be to make these states, as our partners in the maintenance of the free world, strong and solid enough in their own right so that they constitute increments to the common strength rather than drains upon it. The possibility that the Latin American states, or rather some of them, might constitute a considerable burden on our resources in case we found ourselves in another world war, because of their relatively chaotic political and economic conditions, is considerable.

Attachments:
TS Memo to Watts frm Thurston 2/20
w/cy #25 NSC statement
Cy #2 TS Memo to MacArthur frm Mann 2/21
Cy #4 TS Memo to MacArthur frm Ferguson 2/21
w/draft TS memo frm Ferguson

Copy to: MR. FERGUSON

S/P LJH:eva